



FOR IMMEDIATE RELEASE
July 24, 2000

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STATEMENT BY NANCY-ANN DEPARLE

ADMINISTRATOR, HEALTH CARE FINANCING ADMINISTRATION

MEDICARE+CHOICE PLAN NONRENEWALS

Consistent with recent reports, approximately 934,000 Medicare beneficiaries will be affected by the recent decisions by managed care plans to leave the Medicare+Choice program in 2001; however, about 83 percent (775,000) of those affected live in areas where there are other Medicare+Choice managed care plans. Clearly, the volatility of the Medicare managed care market underscores the need for Congress to enact the President's legislative proposal to modernize and strengthen Medicare.

That way, all 39 million beneficiaries would have access to a voluntary, affordable prescription drug benefit while paying Medicare+Choice plans in relation to their own costs, rather than the congressionally mandated administrative prices. In addition, the President's Medicare reform proposal would pay plans directly, \$2 billion as soon as January and \$25 billion over the next five years to provide the prescription drug coverage that most beneficiaries want from managed care. Beneficiaries in original fee-for-service Medicare would also be able to have this benefit beginning in 2002, regardless of whether they live in areas where managed care plans have chosen to operate.

Seniors and Americans with disabilities deserve a strong Medicare program, and we are committed to making sure they have health care – whether through a Medicare+Choice option or original fee-for-service Medicare. The strong action we have taken to date and our proposals for the future of this critical program will ensure that we are able to keep our promise of providing high quality health care services to all 39 million Medicare beneficiaries.